



PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

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The articles and opinions in this publication are for general information and are not intended to provide specific advice or recommendations for any individual. We suggest that you consult your attorney, accountant, financial or tax adviser with regard to your individual situation.

Events/Mailings

CORRECTION CORRECTION CORRECTION

Reservists Called to Active Duty

Recently we sent out a memo to payroll/personnel officers regarding the administration of the benefit programs for reservists called to active duty. The memo was number 2001-13 dated September 12, 2001.

Please be advised that based upon recent advice from our attorney there is an error in the memo under the health and life insurance sections and the Employee Assistance Program (EAP) section. These sections indicate that should the member elect to continue coverage under these programs that state agencies have the option to pay the health, basic life and EAP premiums or collect the monthly premium from the member. This is incorrect. According to an interpretation by the Attorney General's office, State agencies do not have the discretion to pay these premiums while a member is on an active duty leave of absence. A copy of the Attorney General's letter is on the PERS web site under "Employer Info" and is labeled "Attorney General Letter Relating to Employer Payment of Group Insurance Coverage".

To continue the health and life insurance coverage, the leave of absence procedure applies. This means the member must pay the health premium and the life premium, including the \$.28 basic life, by personal check made payable to NDPERS and submit it to their payroll department. Payroll then submits the check with the monthly group insurance billing. For the EAP there is no opportunity for continued coverage at this time. Participating political

subdivisions must also follow the above policy for the health and life insurance plans.

PERS is continuing to work with its consultants and the Attorney General's office to review and determine the applicable requirements for the PERS benefit programs under the Uniformed Services Employment and Re-employment Rights Act (USERRA). In this regard, we have requested an opinion on the employer payment of retirement contributions. We have a previous opinion on this subject; however, we are requesting this new opinion to determine if any changes have occurred that would change the conclusions in the previous opinion. You can review the letter request on the PERS web site under "Employer Info" and is labeled "Attorney General's Opinion Request Concerning Employer Payment of Retirement Contributions."

There's Been a Change to the Life Insurance Annual Enrollment !!

NDPERS has been working on a "master plan" to realign the enrollment periods for our various benefit programs to one standard enrollment period. We feel that this will alleviate confusion for our members and payroll staff, as well as, make the process more efficient. As part of our plan we will no longer offer a life insurance enrollment period during the month of May as we have in the past. The upcoming November 1st through November 30th enrollment will be the next opportunity for employees to apply for additional supplemental, dependent or spouse supplement life insurance coverage. Beginning in the year 2002 and each year after, the annual enrollment for increased life insurance coverage will coincide with

the FlexComp and Dental annual enrollment.

During the month of November, employees currently enrolled for group life coverage may increase their supplemental, dependent, or supplemental spouse life insurance coverage. Please use the following procedures:

- ⇒ A ReliaStar Group Evidence of Insurability form must be completed in addition to a Group Life Insurance Application [SFN 51144]. The forms cannot be dated or submitted prior to November 1 and must be received in the payroll office no later than November 30.
- ⇒ The payroll/personnel manager must complete the shaded boxes on both forms.
- ⇒ On the ReliaStar Group Evidence of Insurability form: the Group Number is GL-20980-5; leave the account number blank. The employee must list names of all persons requesting additional coverage.
- ⇒ Questions 1 through 6 must be answered "yes" or "no" for each person requesting additional coverage. All "yes" responses must be explained in the area provided.
- ⇒ If applying for spouse coverage, the spouse must provide a social security number and date and sign the form.
- ⇒ The employee must sign and date both forms.
- ⇒ Coverage will become effective the first of the month following approval by ReliaStar.

Do not change payroll records until you are notified by NDPERS that the coverage increase has been approved.

Flexcomp 2002 Plan Year Annual Open Enrollment - State Employees and Participating District Health Units

The Enrollment for the FlexComp 2002 Plan Year will be from October 1, 2001 through November 15, 2001. Packets have been sent to each eligible

employee's home address. If an employee did not receive a packet, you may email Sharon at shargiss@state.nd.us or call the PERS office at 1-800-803-7377 or 701-328-3910. Include the employee's name and home address and a packet will be mailed. You may also order additional election agreements for the 2002 Plan Year from the PERS office or on line at discovernd.com/ndpers. When ordering, please specify FlexComp 2002 Plan Year agreements.

Employees must return their agreement to their payroll office no later than November 15. Payroll should review the form and return it to the employee, if necessary, for missing information. Because participants must make an affirmative election each plan year, elections received on old forms cannot be accepted.

We recognize that there may be employees submitting agreements after the open enrollment ends on November 15. We are leaving it up to each agency to either accept or reject these agreements. Agencies must submit all original agreements to the PERS office by December 3, 2001. FlexComp agreements that are faxed to PERS will not be accepted. Employees who submit an agreement to PERS this way will be contacted and referred to their payroll department. Agreements that are dropped off at the PERS office by walk-ins will be accepted until November 15. After that date, PERS will not accept agreements from walk-ins and the employee will be instructed to contact their payroll department.

Employees who do not complete an election agreement will automatically: 1) Have their employee supplemental life insurance premium up to the first \$50,000 of coverage payroll deducted pre-tax. (To decline this action, the employee must complete an election agreement and sign in Section B.), 2) Waive participation in the Medical and/or Dependent Care Reimbursement accounts, and 3) Have other eligible payroll deducted insurance premiums deducted on an after tax basis.

For those agencies **ON the Central Payroll System**, PERS will input the election to decline pretaxing the employee supplemental life insurance premium from Section B and the spending account information from

Sections C & D. The FlexComp file will be sent to OMB at 12:00 noon on December 18. Agencies can enter manual adjustments for any new hires or terminations from December 19 until 5 p.m. on December 21.

The agency is responsible to input any payroll deducted insurance premiums that the employee specifies to pretax in Section B of the agreement. Agencies can input insurance premiums after supplemental payroll has been run on December 10, 2001. (If an employee is having an eligible insurance premium payroll deducted pre-tax and they do not complete an election agreement, the code must be changed to an after-tax deduction for the new plan year.)

Those agencies **NOT ON the Central Payroll System** will set up the complete record for each participant from the election agreement.

If you have any questions regarding the Open Enrollment for the Flexcomp 2002 Plan Year, please contact Sharon at 1-800-803-7377 or (701) 328-3910.

Defined Contribution Retirement Plan Open Enrollment

As you are probably aware, non-classified employees are eligible to elect to participate in the Defined Contribution Retirement Plan during a special window of enrollment ending **December 14, 2001.**

Recently eligible employees received a packet of information containing a schedule of educational and investment strategy meetings, information comparing the defined benefit and defined contribution retirement plans and an election form. All of these materials with the exception of the personalized benefit comparison may be accessed on the NDPERS website. Different scenarios of the personalized benefit comparison may be requested from NDPERS Benefit Administrators.

Many individuals are being offered this election opportunity for a second time as a result of legislation that requires action by the December 14th date. However, existing state law extends the election enrollment window beyond the December 14th date for certain employees. These employees have received a separate letter

confirming the date their individual election period ends.

All eligible Defined Contribution employees must complete the Defined Contribution Retirement Program Election Form (SFN 52170)

indicating whether or not the employee elects to join the defined contribution plan. The completed form (all copies) is to be returned to PERS. Upon approval of the form, PERS will return a copy to the respective payroll office and to the member.

If the employee is electing to remain in the Defined Benefit Retirement Plan, the copy returned to you by NDPERS can be filed in the employee's payroll file.

If the employee is electing to transfer to the Defined Contribution Plan, you will need to hold the form to change the PAF code on your payroll system. **The PAF code should be changed to "H" after January 10, 2002 and before January 24, 2002.** After the code is changed, the form can be filed in the employee's payroll file.

If you have any questions regarding this information, please contact the NDPERS office.

Odds & Ends

When Preparing W-2 Forms...

If the employee is participating in the NDPERS retirement plan, check the "Retirement Plan" box in Box 13 on the W-2 Form. The PERS retirement plan is a qualified plan described in Section 401(a). If you have questions, please call Sharon at (701) 328-3902.

Reminder: NDPERS Mailing Address Has Changed

The NDPERS PO Box number has changed to **PO Box 1657**. The old box was closed on June 1, 2001. Therefore, when sending correspondence to NDPERS, please be sure to address the documents to our new box.

Had a Change in Your Agency Phone Numbers or Fax Number?

If you are the contact person for your agency regarding NDPERS benefits, please be sure to send notice to NDPERS if your phone or fax number

changes. The notice can be sent to the attention of Rebecca Fricke. Payroll/Personnel contact numbers and fax numbers are maintained on a NDPERS database and are used by NDPERS staff to contact you. If you have questions, please call Rebecca at (701) 328-3911.

NDPERS Forms You Can Download

Selected NDPERS forms are now available to download from the NDPERS Website at discovernd.com/ndpers/.

Questions & Answers

When can an employee cancel their dental insurance coverage?

Active employees may cancel their dental insurance at any time, provided that the monthly premium is not being pre-taxed through the Flexcomp program. If the premium is being pre-taxed, the individual may cancel coverage during the annual Flexcomp enrollment.

Board Meeting Highlights

The NDPERS Board reviewed and took action on the following items:

July 18, 2001

- Discussed a federal law change that will effect the Deferred Compensation Plan.
- Approved additional funds for the NDPERS Companion Plan.
- Approved the removal of a spring open enrollment for the NDPERS Group Life Insurance Plan.
- Were presented with a Member Education Presentation by BCBS.

DON'T FORGET!
File this issue behind the
PERSonnel Newsletter Updates tab
in your INSIDE NDPERS Handbook.